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MONTANA STATE LOTTERY
REPORT ON
MONTANA CASH DRAWINGS
JUNE 30, 1998

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MONTANA STATE LOTTERY

**REPORT ON
MONTANA CASH DRAWINGS**

JUNE 30, 1998

Henry Fenton
Certified Public Accountant

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LEGISLATIVE AUDIT DIVISION

Scott A. Seacat, Legislative Auditor
John W. Northey, Legal Counsel
Tori Hunthausen, IT & Operations Manager



Deputy Legislative Auditors:
Jim Pellegrini, Performance Audit
James Gillett, Financial-Compliance Audit

September 1998

The Legislative Audit Committee
of the Montana State Legislature

Enclosed is the report on the audit of the Montana State Lottery Observations for the year ended June 30, 1998.

The audit was conducted by Henry Fenton, CPA, under a contract between the firm and our office. The comments and recommendations contained in this report represent the views of the firm and not necessarily the Legislative Auditor.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Seacat", written over a horizontal line.

Scott Seacat
Legislative Auditor

98C-04

MONTANA STATE LOTTERY
COMMISSION MEMBERS AND ADMINISTRATIVE OFFICIALS
June 30, 1998

COMMISSION MEMBERS

RESIDENCE

Rebecca Erickson, Chairperson

Glasgow

Carol Thomas

Great Falls

Robert Crippen

Butte

Cliff Brophy

Columbus

Donald Murray

Kalispell

ADMINISTRATIVE OFFICIALS

Gerald J. LaChere, Director

L. John Onstad, Director of Security

Leslie Darfler, Director of Operations

MONTANA STATE LOTTERY

INTRODUCTION

I performed the following agreed-upon procedures for the Montana State Lottery for the year ended June 30, 1998:

- 1) witnessing and reporting on all Montana Cash drawings;
- 2) witnessing and reporting on all "10th Birthday" special second chance drawings;
- 2) examining all lottery drawing equipment prior to and after each drawing; and
- 3) testing compliance with applicable statutes and regulations.

BACKGROUND

The Montana State Lottery was created in November, 1986 by a referendum vote of the people of Montana. The "Montana State Lottery Act of 1985" rules and subsequent changes are contained in Chapter 669 of the Montana Session Laws and Title 23, Chapter 7, of the Montana Code Annotated. The general purpose of the law is to allow lottery games in which the players purchase from the State, through the administration of the state lottery, a chance to win a prize.

REPORTABLE OBSERVATIONS

In addition to the independent accountant's report on agreed-upon procedures, I am to report on serious inadequacies in operating controls and procedures, activities not authorized by the legislature, and my recommendations to the State and the Lottery. I have nothing to report in those areas.

HENRY FENTON
CERTIFIED PUBLIC ACCOUNTANT

1052 NORTH RODNEY
HELENA, MONTANA 59601-3578

TELEPHONE: (406) 449-6049

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

June 30, 1998

To the Commissioners
Montana State Lottery
Helena, Montana

I have performed the procedures enumerated below, which were agreed to by the Montana State Lottery and the Montana Legislative Audit Division with respect to the Montana Cash drawings of the Montana Lottery for the year ended June 30, 1998. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures were designed to review the applicable rules as developed by the Montana State Lottery to determine that such rules are adequate to insure:

All drawings are conducted in accordance with applicable rules and regulations.

All drawings are conducted in a secure, honest and fair manner.

The procedures I performed and my findings are summarized as follows:

1. I read the "Montana Cash Drawing Procedures". In performing this and other steps of my procedures, I gave consideration to the adequacy of controls over the drawing process.
2. I observed the unlocking of the machine cabinet and determined that the seals on the machine cabinet door, ball locker, and ball sets were unbroken and that the seals were numbered the same as the seals placed there when I was last present.
3. I observed the random selection of the primary and back-up drawing machines and the primary and alternate ball sets.
4. I observed the pre-drawing tests, recorded the results and determined that the applicable procedures were followed.




5. I observed the official "Montana Cash" drawings and determined that the applicable procedures were followed.
6. I observed the performance of the post-drawing tests, recorded the results and determined that the applicable procedures were followed.
7. I observed the resealing of the ball sets, ball locker and machine cabinet door.
8. I observed the special "10th Birthday" second chance drawings on July 2, 1997; July 9, 1997; July 16, 1997; July 23, 1997; July 30, 1997; and August 6, 1997 and determined that the applicable procedures were followed.

I have furnished the Legislative Audit Division with a summary letter after each drawing stating that the Montana Cash drawings were performed and observed by me. The letters would include any unusual occurrences or deviations from the established rules and procedures.

No exceptions were found as a result of applying the above procedures.

I was not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the Montana Cash drawing procedures for the year ended June 30, 1998. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of the Montana Lottery and the Montana Legislative Audit Division and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.



Henry Fenton
Certified Public Accountant

MONTANA STATE LOTTERY
STATEMENT OF MONTANA CASH WINNING NUMBERS
Year Ended June 30, 1998

The following Montana Cash drawings were held twice a week, Wednesdays and Saturdays, at Lottery Headquarters, Helena, Montana. The winning numbers were:

<u>DATE</u>	<u>WINNING NUMBERS</u>
July 2, 1997	13 30 31 24 8
July 5, 1997	1 31 16 7 12
July 9, 1997	32 13 6 2 16
July 12, 1997	8 21 22 26 2
July 16, 1997	37 21 6 29 1
July 19, 1997	14 12 33 26 29
July 23, 1997	24 23 37 25 18
July 26, 1997	18 30 7 29 26
July 30, 1997	18 26 22 11 6
August 2, 1997	13 15 27 35 28
August 6, 1997	14 23 36 33 20
August 9, 1997	6 13 7 21 23
August 13, 1997	33 16 22 26 27
August 16, 1997	29 27 11 30 23
August 20, 1997	2 10 25 11 30
August 23, 1997	27 9 33 37 14
August 27, 1997	28 33 31 19 25
August 30, 1997	15 14 6 24 21
September 3, 1997	16 25 4 27 30
September 6, 1997	27 6 35 7 3
September 10, 1997	15 3 20 8 14
September 13, 1997	2 32 28 27 13
September 17, 1997	19 11 26 7 22
September 20, 1997	6 31 14 27 4
September 24, 1997	28 1 26 32 35
September 27, 1997	29 27 30 24 33
October 1, 1997	1 36 14 31 30
October 4, 1997	15 20 34 29 8
October 8, 1997	37 35 22 21 10
October 11, 1997	2 17 20 22 14
October 15, 1997	3 31 29 30 19
October 18, 1997	15 23 22 7 26
October 22, 1997	28 14 25 1 18
October 25, 1997	31 15 3 24 22
October 29, 1997	2 22 27 19 36
November 1, 1997	24 1 8 16 37
November 5, 1997	30 37 34 13 4
November 8, 1997	33 35 32 34 3

MONTANA STATE LOTTERY
STATEMENT OF MONTANA CASH WINNING NUMBERS (CONTINUED)
Year Ended June 30, 1998

November 12, 1997	30	16	20	33	21
November 15, 1997	8	3	22	9	11
November 19, 1997	17	19	18	14	27
November 22, 1997	12	37	26	23	7
November 26, 1997	8	32	17	37	2
November 29, 1997	17	37	12	29	11
December 3, 1997	2	21	15	28	26
December 6, 1997	9	12	6	17	20
December 10, 1997	18	35	19	14	23
December 13, 1997	14	3	15	21	22
December 17, 1997	36	10	18	12	1
December 20, 1997	23	29	26	27	25
December 24, 1997	35	12	18	30	25
December 27, 1997	8	4	22	11	31
December 31, 1997	19	21	22	28	12
January 3, 1998	9	4	16	26	37
January 7, 1998	11	2	28	4	33
January 10, 1998	29	3	2	36	34
January 14, 1998	33	21	12	23	11
January 17, 1998	9	23	32	27	35
January 21, 1998	18	24	33	19	9
January 24, 1998	14	17	20	21	22
January 28, 1998	7	12	1	31	16
January 31, 1998	29	24	18	9	19
February 4, 1998	25	15	11	22	27
February 7, 1998	20	15	30	7	19
February 11, 1998	24	1	29	12	27
February 14, 1998	1	9	30	23	24
February 18, 1998	31	34	21	33	6
February 21, 1998	32	14	24	33	29
February 25, 1998	34	35	5	20	15
February 28, 1998	10	13	24	16	29
March 4, 1998	33	4	29	27	30
March 7, 1998	26	10	20	4	21
March 11, 1998	28	23	34	24	11
March 14, 1998	10	20	2	7	11
March 18, 1998	21	11	19	36	31
March 21, 1998	20	25	12	24	33
March 25, 1998	21	11	27	31	28
March 28, 1998	16	1	30	11	7
April 1, 1998	8	16	29	2	11
April 4, 1998	18	15	9	23	10
April 8, 1998	34	32	37	11	29
April 11, 1998	2	31	4	7	21

MONTANA STATE LOTTERY
STATEMENT OF MONTANA CASH WINNING NUMBERS (CONTINUED)
Year Ended June 30, 1998

April 15, 1998	12	17	7	26	10
April 18, 1998	5	34	35	23	13
April 22, 1998	19	34	1	37	29
April 25, 1998	15	1	32	10	19
April 29, 1998	35	6	7	36	10
May 2, 1998	9	27	23	16	11
May 6, 1998	37	15	27	21	6
May 9, 1998	5	20	22	27	33
May 13, 1998	8	25	16	21	30
May 16, 1998	30	11	27	18	36
May 20, 1998	32	10	13	11	29
May 23, 1998	9	31	26	35	10
May 27, 1998	32	29	10	19	7
May 30, 1998	13	22	4	17	16
June 3, 1998	28	12	31	3	27
June 6, 1998	34	18	1	20	8
June 10, 1998	4	17	36	30	9
June 13, 1998	19	4	36	35	30
June 17, 1998	5	8	25	32	36
June 20, 1998	15	2	34	11	20
June 24, 1998	24	20	9	31	3
June 27, 1998	16	11	31	24	15

